



Michigan *Office of the Auditor General* **REPORT SUMMARY**

Financial Audit

Including the Provisions of the Single Audit Act

Report Number:
391-0100-06

Department of Community Health

October 1, 2003 through September 30, 2005

Released:
February 2007

A Single Audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with State compliance requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Schedules:

Auditor's Report Issued

We issued an unqualified opinion on the Department of Community Health's (DCH's) financial schedules.

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Internal Control Over Financial Reporting

We identified reportable conditions related to internal control over financial reporting (Findings 1 through 4). We consider Finding 1 to be a material weakness.

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Noncompliance or Other Matters Material to the Financial Schedules

We did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 9 programs as major programs and reported known questioned costs of approximately \$125.4 million and known and likely questioned costs totaling \$151.7 million. DCH expended a total of \$11.5 billion in federal awards during the two-year period ended September 30, 2005. We issued 7 unqualified opinions and 2 adverse opinions. The opinions issued by major program are identified on the back of this summary.

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Internal Control Over Major Programs

We identified reportable conditions related to internal control over major programs (Findings 5 through 13). We consider Findings 6 and 11 to be material weaknesses.

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 5 through 13).

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Systems of Accounting and Internal Control:

We determined that DCH was not in substantial compliance with Sections 18.1483 - 18.1487 of the *Michigan Compiled Laws* (Finding 1).

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program or Cluster Title</u>	<u>Compliance Opinion</u>
16.593	Residential Substance Abuse Treatment for State Prisoners	Unqualified
93.003	Public Health and Social Services Emergency Fund	Unqualified
93.136	Injury Prevention and Control Research and State and Community Based Programs	Adverse
93.217	Family Planning - Services	Unqualified
93.767	State Children's Insurance Program	Unqualified
93.777 and 93.778	Medicaid Cluster	Adverse
93.917	HIV Care Formula Grants	Unqualified
93.958	Block Grants for Community Mental Health Services	Unqualified
93.994	Maternal and Child Health Services Block Grant to the States	Unqualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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